

KAREN R. CAUDLE 8/21/2014

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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

CLINTON HENDERSON AND)	
ANDREW OLINDE, INDIVIDUALLY)	
AND ON BEHALF OF ALL OTHER)	
SIMILARLY SITUATED)	
INDIVIDUALS,)	
)	
Plaintiffs,)	CIVIL ACTION FILE
vs.)	
)	NO. 1:13-CV-3767-TWT
1400 NORTHSIDE DRIVE, INC.,)	
D/B/A SWINGING RICHARDS)	
AND C.B. JONES,)	
)	
Defendants.)	

Deposition of

KAREN R. CAUDLE, taken on behalf of the
Plaintiffs, pursuant to the stipulations agreed
to herein, before Tanya L. Verhoven-Page,
Certified Court Reporter and Notary Public, at
260 Peachtree Street, Atlanta, Georgia, on
the 21st day of August, 2014, commencing at
the hour of 11:14 a.m.

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APPEARANCES OF COUNSEL

On behalf of the Plaintiffs:

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ALSO PRESENT: James Matthew Colunga

- - -

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I N D E X

WITNESS: KAREN R. CAUDLE

Examination

Page

BY MR. LUKAS

4

EXHIBITS:

(None offered.)

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1 ATLANTA, GEORGIA; THURSDAY, AUGUST 21, 2014

2 11:14 A.M.

3

4 Thereupon --

5

KAREN R. CAUDLE,

6

called as a witness, having been first duly sworn,

7

was examined and testified as follows:

8

9

EXAMINATION

10 BY MR. LUKAS:

11

Q Can you please state your full name,

12

spelling your last name, for the record.

13

A Karen Renée Caudle, C-a-u-d-l-e.

14

Q And, Ms. Caudle, how long have you worked

15

for the club?

16

A Since 1984.

17

Q What is your current position?

18

A Bookkeeper.

19

Q And what other positions have you held

20

with the club?

21

A Entertainer, cocktail waitress,

22

bartender.

23

Q So you've been with the club since it

24

opened?

25

A No. A little less than a year that it

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1 opened.

2 Q When did it open?

3 A I believe it was 1983.

4 Q And how long has it been a male club for
5 gay clientele?

6 A When I started there, it was a female
7 club.

8 Q Right. How long has it been a male club?

9 A I would think about 17 years.

10 Q So since about 1987ish?

11 MS. MURPHEY: '90s.

12 MR. LUKAS: '97. Sorry.

13 MR. SCHLANGER: Arithmetic is not
14 an attorney's strong suit.

15 MR. LUKAS: Amen, it's the reason
16 we all went to law school. If we could
17 do math, we would have better jobs,
18 probably.

19 MR. SCHLANGER: No, I was a math
20 major.

21 BY MR. LUKAS:

22 Q So since what? 1997?

23 A Yes.

24 Q And you said you were an entertainer when
25 it was a female club?

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1 A That's true.

2 Q And then when did you takeover this
3 bookkeeper role?

4 A I would say about 1990 I started
5 part-time with Mr. Jones' mother in the office.

6 Q What was her name?

7 A Janice.

8 Q Janice Jones?

9 A Uh-huh.

10 Q So you've been the club's bookkeeper
11 since approximately 1990?

12 A Thereabout.

13 Q And prior to -- how long were you a
14 waitress at the club?

15 A About three or four years.

16 Q How long were you an entertainer?

17 A Six or seven years.

18 Q Did you do both the waitress job and
19 entertainer job during the same time period, or were
20 they distinct time periods?

21 A Distinct.

22 Q And which were you first, entertainer or
23 waitress?

24 A Entertainer.

25 Q So you went from entertainer to waitress

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1 to this office position?

2 A I went to entertainer to cocktail
3 waitress to bartender. As a bartender and a cocktail
4 waitress, I worked a couple of hours in the morning
5 with Ms. Jones.

6 Q I see, and then at some point in time,
7 you stopped waitressing and bartending and had just
8 the office job; is that right?

9 A I quit work in -- the years run together.
10 I quit work in 1998 for about four years to stay home
11 with my children and started back in -- I believe it
12 was -- 2002 as full-time.

13 Q So you went from entertainer to waitress,
14 to waitress, bartender, to waitress, bartender,
15 office to not working there at all, and then when you
16 returned, it was in a full-time office role?

17 A That's correct.

18 Q And so from then, approximately, 2002
19 you've been a full-time bookkeeper for the club; is
20 that right?

21 A Yes.

22 Q And have you had any other employment
23 since 2002 other than that job?

24 A No.

25 Q And in that job, do you have

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1 the club, what employment, if any, did you have?

2 A I was an entertainer.

3 Q Okay. And how long were you an
4 entertainer total including the seven years at the
5 club?

6 A Eleven.

7 Q What was that club -- what was the club
8 called when you were an entertainer there?

9 A Dancers.

10 Q Dancers?

11 A Uh-huh.

12 Q And was it called Dancers the whole time
13 until it became the male club Swinging Richards?

14 A No.

15 Q What else was it?

16 A Gosh, it's been so long. I believe the
17 name was Cabaret Platinum at one point.

18 Q Was that a male or female club?

19 A Female, and it was Diamond Club, and
20 that's all I can recall.

21 Q How long has it been Swinging Richards?

22 A At that location one 1400? It was during
23 those four years that I was out that it changed from
24 one location to the other, and I don't know when that
25 occurred.

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1 Q When you left to raise your children, was
2 it a male club or a female club at that point?

3 A It was a female.

4 Q Okay. And then when you came back, it
5 was male, and it was called Swinging Richards?

6 A That's correct.

7 Q At that location?

8 A Yes.

9 Q And Diamond Club was a male or a female?

10 A Female.

11 Q As part of your bookkeeping role, did you
12 or do you have responsibility in connection with the
13 Florida club that Matt mentioned?

14 A Which Florida club? The North Miami
15 Beach?

16 Q Yes.

17 A I worked there for one week while their
18 bookkeeper went on vacation.

19 Q But that club has its own bookkeeper?

20 A Yes.

21 Q What's the name of that club again?

22 A It was Swinging Richards.

23 Q And other than Diamond Club, that week
24 with Swinging Richards in North Miami and Swinging
25 Richards here in Atlanta, have you had any other

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1 A He'll ask me how the day is going? Are
2 the balances good? Was it busy last night? That
3 sort of thing.

4 Q He has no ownership interest in the club?

5 A No.

6 Q It's just C.B,'s club?

7 A Yes.

8 Q He's the sole owner?

9 A No.

10 Q Do you have an ownership interest?

11 A No.

12 Q Do you have anyone that reports to you?

13 A The bartenders, the employees of the
14 club.

15 Q Do you have any supervisory authority
16 over them?

17 A No, not really.

18 Q Who does -- who has the supervisory
19 authority?

20 A Matt.

21 Q If something is wrong with the
22 information these employees are giving you, do you
23 deal with them directly, or do you deal with them
24 through Matt?

25 A If there's a discrepancy, I printout

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1 not on a daily basis.

2 Q So you're responsible for Work Comp?

3 A I'm responsible for paying -- paying the
4 bill for Workmans' Comp and making sure that the
5 appropriate people get the information.

6 Q Is one of the things you track as the
7 bookkeeper the amount of money Matt makes on an
8 evening -- at night?

9 A No.

10 Q So there's no reporting regarding his
11 income to the -- to Swinging Richards?

12 A No.

13 Q Same with August when August is in that
14 role?

15 A Yes.

16 Q Other than being his mom -- and I suppose
17 you could ask, but is there any formal reporting
18 between August and the club with respect to the money
19 he makes when he's in that DJ/manager role, assistant
20 manager role?

21 A Lately I've asked him to keep a log of
22 what the boys are tipping out. He did it
23 periodically for one summer, and I asked him to
24 resume it.

25 Q Why did you ask him to resume it?

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1 A Just to have another record of what they
2 are saying they're -- that they are tipping out.

3 Q And is it in connection with this lawsuit
4 that you did that, or does this lawsuit have anything
5 to do with you asking for that?

6 A No. It was more because the time sheets
7 that they were filling out were not accurate, or I
8 didn't feel they were accurate.

9 Q And so how long has August been doing
10 that?

11 A Now, he did it one summer -- I think it
12 was last summer -- for a few months, and then he's
13 only done that -- for seven, eight days, I think is
14 what he's done it for. Just recently.

15 Q I see. And how about Matt? Have you
16 asked Matt to do the same thing?

17 A I have.

18 Q During those same time periods?

19 A Uh-huh.

20 Q So for a couple of months last summer and
21 then recently?

22 A He's never done.

23 Q You asked him, but he's never done it?

24 A Exactly.

25 Q Okay. And those time sheets that Matt

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1 mentioned that the entertainers fill out how long has
2 that been going on?

3 A March.

4 Q March of 2014?

5 A Uh-huh.

6 Q And prior to that, there was no such
7 record?

8 A That's correct.

9 Q And I know he described what's on those
10 time sheets, but maybe you should describe for me
11 what's on those time sheets?

12 A Time in, time out, what they made on the
13 floor, I guess on the stage would be it, and what
14 they made in VIP or how many VIPs, I guess is what it
15 says, and then total tips claimed.

16 That's it that I can recall.

17 Q With respect to VIPs, it seems like you
18 said two different things. Are they reporting the
19 money they made in connection with VIP rooms or just
20 the number of rooms?

21 A I think it just says the number of rooms.

22 Q And does it say what time periods those
23 rooms? Because, as I understand it, there's
24 different time periods those rooms can be rented for?

25 A Are you asking me, like, time allotments

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1 like from 12:15 or 2:15 or --

2 Q No. I was more -- I know that, when I
3 looked at the rate sheet, it said 15 minutes, X
4 dollars, 30 minutes?

5 A I don't recall.

6 Q So you don't recall what the time sheets
7 say with respect to the number of VIP?

8 A No.

9 Q But it's not the dollar amount generated
10 by the VIP? It's the number of VIP rooms?

11 A Yes.

12 Q Okay. And with respect to the floor
13 stage money, that's all the same? What they earn --
14 they are reporting what they earned on the stage and
15 what they earned on the floor? They don't
16 differentiate between those two places?

17 A No, I don't think so.

18 Q And they don't differentiate between the
19 stage, the floor and anything they make in the VIP
20 lounge either?

21 A No.

22 Q And they don't -- okay. And then any
23 money that they make -- other than the room rental
24 fee that the club has a record of, anything over and
25 above that they make in the VIP room, do they report

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1 that as part of this time sheet?

2 A I'm sorry. I lost the train of thought.
3 Could you say that again.

4 Q Sure. I'm trying to figure out what's
5 included in this money made for the evening?

6 A Right.

7 Q Is the money over and above what they
8 make -- say, it's the 15 minutes. \$140 are generated
9 from the customer, as I understand it. If they made
10 \$160, is the \$20 they made included in this amount
11 that's reported to you?

12 A It just asked them what tips they have
13 made. It doesn't -- it doesn't ask from where they
14 got the tips.

15 Q So it asks for tips, and the only thing
16 it doesn't include is the -- it includes
17 everything -- it includes all the money they made for
18 the whole evening, correct?

19 A I believe that's the general idea, yes.

20 Q And with respect to VIPs, it doesn't ask
21 about money separate? It just talks about the number
22 of VIP rooms they had?

23 A That's what I recall, yes.

24 Q Okay. So what they are reporting is all
25 the money they earn that night as tips?

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1 A Yes.

2 Q And when you say tips, you're talking
3 about all the money they earned that night?

4 MS. MURPHEY: Object to the form of
5 the question.

6 THE WITNESS: I'm sorry?

7 BY MR. LUKAS:

8 Q I'm just trying to figure out if there's
9 any money the employee -- the dancer makes during the
10 evening that's not included in this dollar amount
11 that's reported on the time sheet?

12 A Oh, I don't know. I mean, I couldn't say
13 for certain.

14 Q I'm not talking about actual amount. I'm
15 talking about types of money earned. They earn on
16 the stage. They earn on the floor. They earn on the
17 V --

18 A Right. Is there anything else besides
19 that are you asking me?

20 Q Yes.

21 A No, not that I'm aware of.

22 Q Is there anything that's not included --
23 any money they make that's not included -- if they
24 are being honest --

25 A Okay.

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1 Q If they are being honest and they are
2 reporting every dime they make that night --

3 A Right.

4 Q -- is it all -- should it all be on that
5 sheet?

6 A Yes.

7 Q Okay. And that's what you call tips
8 claimed?

9 A Yes.

10 Q So you have in time, out time, tips and
11 number of VIP rooms?

12 A Yes.

13 Q Is there anything else on that sheet?

14 A Yes. I'm sure there are, but I can't
15 recall it.

16 Q Okay.

17 A There are several columns.

18 Q What do you do with that sheet in
19 connection with your job?

20 A I've been trying to file them.

21 Q Trying to what them?

22 A File them.

23 Q You guys talk funny down here. File or
24 follow?

25 A Sorry. File. F-i-l-e, file.

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1 Q Okay. That sounded like follow.

2 Minnesotans talk funny, too, but you guys
3 really talk funny.

4 MR. SCHLANGER: Oh, the jury is
5 really going to love that.

6 MR. LUKAS: We'll have to mark that
7 confidential, too, right?

8 BY MR. LUKAS:

9 Q You file them. Where do you file them?

10 A In a file cabinet.

11 Q Okay. And that's just -- is it paper or
12 do you scan and keep it electronically?

13 A It's paper.

14 Q So it's your job to collect those and
15 file them?

16 A It is.

17 Q And whose job is it to -- as I understand
18 from Matt's testimony, it's the doorman's job to
19 collect them on a nightly basis?

20 A Yes.

21 Q And then it's the doorman that passes
22 those along to you?

23 A I go collect them. He does not pass them
24 to me.

25 Q Okay. Where does he put them physically?

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1 A He puts them under the desk at the door.

2 Q And then every morning that you come in
3 you come in and gather those?

4 A No, not every morning.

5 Q When? How often?

6 A About once a month.

7 Q Does the sheet have on it -- it's
8 supposed to have the time or the date and the
9 dancer's name?

10 A It's supposed to.

11 Q And I take it, from what Matt testified
12 to, that these sheets are not fully accurate?

13 A No, they are not. Sometimes the dates
14 are missing. Sometimes the name is missing.

15 Q And does the dancer put their stage name
16 or their real name on these sheets?

17 A Sometimes both. Sometimes just one.

18 Q And sometimes neither?

19 A Initials sometimes, yes.

20 Q So when you say you file them, part of
21 your job is to try to deceive them and figure out
22 who they are?

23 A Yes.

24 Q And when you file them, do you file them
25 by dancer?

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1 A Yes.

2 Q Are you aware of any discipline or
3 anything that's done as a result of them not filling
4 these out?

5 A No.

6 Q And do you have a sense of how often they
7 are not filled out or not filled out accurately?

8 A I don't.

9 Q I mean, are there weeks missing, full
10 days missing?

11 A No, not that I'm aware of, and if there
12 was a day missing, I would know that the dancer was
13 or was not there. I don't compare them to anything.

14 Q I see. So your duty is strictly to
15 collect them and then file them?

16 A Yes.

17 Q Do you do anything else with them in
18 connection with your job?

19 A No.

20 Q And this has been since about March?

21 A I think so. I think it was March.

22 Q And whose idea was this?

23 A C.B.'s.

24 Q Who actually came up with the content of
25 the sheet?

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1 A Myself. I think Matt may have had some
2 input, and I'm sure I ran it by C.B.

3 Q And this was after the lawsuit was filed
4 or before?

5 A Yes.

6 Q After?

7 A Yes.

8 Q Now, Matt's already testified to this,
9 but I want to make sure he's accurate because I want
10 to make sure I lead into your job.

11 So as I understand it, each person that
12 has a money collection responsibility has their own
13 bag at the end of every night that he collects and
14 puts in the safe for you; is that right?

15 A Yes.

16 Q And then you come in, and you open the
17 safe and pull them all out and do what?

18 A I take them upstairs, count them one by
19 one and put it into the computer.

20 Q What program do you use?

21 A Excel.

22 Q Do you have any other accounting software
23 other than Excel spreadsheets?

24 A No.

25 Q And what do you put in these Excel

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1 \$100?

2 A I would assume.

3 Q But you're not told how much a dancer is
4 paid out at the end of the night for VIP rooms in
5 cash?

6 A That's correct.

7 Q And are you told how much a -- do you
8 have a record of how much a dancer is paid out on
9 credit card --

10 A Yes.

11 Q -- in connection with the VIP rooms?

12 A Yes.

13 Q But that's all you have record of? You
14 don't have record of the cash part of it?

15 A That's correct.

16 Q You could make an assumption based on
17 room, use, length of time and try to reverse engineer
18 it, but you don't have that information on that
19 sheet?

20 A That's correct.

21 Q And that would require that the times
22 were all accurate and everything else was accurate,
23 but you don't track that, correct?

24 A That's correct.

25 Q So the only record of money that you have

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1 in connection with what is reported to you is
2 portions -- with respect to what the entertainer
3 makes is credit card charges for their portion of
4 those rooms?

5 MS. MURPHEY: Object to the form of
6 the question.

7 THE WITNESS: Can you restate it?

8 BY MR. LUKAS:

9 Q Sure. You already said you can't tell us
10 what cash they were paid?

11 A That's correct.

12 Q But you can tell credit card?

13 A Right.

14 Q And that's it?

15 That's the only record you keep with
16 respect to money generated that the entertainer earns
17 in connection with the VIP room?

18 A That's correct.

19 Q Is there any kind of accounting done to
20 make sure that the club's portion of the room is
21 there in cash?

22 A Yes.

23 Q And how is that done? How does this
24 information help you figure that out?

25 A It's on the sheet.

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1 Q Okay. That's flat out on the sheet?

2 That's the money of the -- that's the money generated
3 by VIP that you said that's on the cover sheet?

4 A Yes.

5 Q And that's where they have the cash total
6 here by denomination even, the credit card total here
7 and the grand total?

8 A Yes.

9 Q Okay. And with respect to cash
10 transactions at the VIP room, the entertainer is paid
11 their portion at the end of every night; is that
12 right?

13 A In respect to cash?

14 Q Yes.

15 A Yes.

16 Q Is it your understanding that the door
17 person hangs onto that money until the end of the
18 night and then gives the cash to the dancer at the
19 end of the night?

20 A I've never been told that, but I could
21 see evidence of it from the names on the envelopes
22 and the envelope's thrown on the floor in the
23 morning.

24 Q So you don't know the procedure they
25 follow, but you do know that the dancers do get their

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1 cash out, their VIP cash out at the end of every
2 night or at least every night?

3 A I didn't know it would be at the end of
4 the night, of course, but like I said, I just saw the
5 evidence of the trash on the floor.

6 Q Without -- it may have happened -- as far
7 as you know, it may have happened right at the time.
8 Right at the time of the transaction, they put the
9 money where they put all their money?

10 A Yes, I wasn't aware of the time.

11 Q And with respect to the credit card, when
12 credit cards are used and the entertainer has a
13 portion of that, how is that handled?

14 A They -- at the VIP door, they are
15 given -- the customer is given an IOU slip. He signs
16 the bottom of it. The entertainer signs the top of
17 it, and it says IOU slip on the top, and it has the
18 entertainer's real name. It has his Social Security,
19 the amount that the entertainer is charging, a
20 reference number for the credit card.

21 I believe that's it on the IOU slip.
22 It's stapled to the credit card slip that the
23 customer signs, put in the -- put in the bag, VIP
24 bag. Or I'm sorry. Let me back up.

25 It's not put in the VIP bag. It is given

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1 to -- at the end of the night -- I'm assuming, at the
2 end of the night, it's given to the bartender. The
3 bartender gives the VIP door any tips off of the
4 credit cards. They -- the bartender turns that in
5 with his paperwork and the checkout sheet for the VIP
6 door. After I've counted the bags, I lay the IOU --
7 there's three parts to the IOU slip. There are
8 duplicates. I take -- the entertainer gets one
9 duplicate. Two are turned into me. I take the one
10 duplicate. I write a check from it. I staple that
11 second copy to the check, and the first copy, the
12 original is kept with the charge itself in case of
13 chargebacks.

14 Q Okay. That's a mouthful. Let's track
15 that -- let's try to follow that money again.

16 A Okay.

17 Q This IOU slip is this something that is
18 generated as part of credit card transaction or
19 something that Richard -- Swinging Richards uses? Is
20 this a Swinging Richards document?

21 A Yes. I would consider it to be.

22 Q And it has -- and that's where it
23 contains the entertainer's name, his Social Security
24 number, the amount charged and the reference number
25 for the card?

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1 Q I see. So now you have two copies of the
2 IOU and an authorization charge sheet?

3 A Yes.

4 Q Okay. And that's what you find in the
5 bag?

6 A Yes.

7 Q And what do you do with those?

8 A I file them in a -- after everything is
9 counted on a daily basis, I file them in a manila
10 envelope.

11 Q By dancer or by -- how do you --

12 A By date.

13 Q By date, and you said you cut checks as a
14 result of those sheets?

15 A Yes.

16 Q What checks do you cut as a result of
17 those sheets?

18 A I cut the checks for the IOU slips.

19 Q And what the IOU slip should tell you is
20 how much of that credit card charge goes to the
21 entertainer, correct?

22 A Yes.

23 Q And that's -- what you're cutting a check
24 for is you're -- that's the IOU part of it? The club
25 owes the entertainer their portion of what was

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1 charged on the credit card?

2 A The club -- yes.

3 Q And that's done every day? You cut those
4 checks every day?

5 A I do.

6 Q And do you mail them to the dancer, or do
7 you keep them at the club for them to pick up?

8 A They pick up.

9 Q So at the end of a week, if a dancer
10 worked five weeks, they conceivably could have five
11 different checks waiting for them?

12 MR. SCHLANGER: Five days you mean?

13 BY MR. LUKAS:

14 Q Five days. I'm sorry.

15 A If they had a credit card slip on all
16 those five days.

17 Q Where do you physically put those checks?

18 A In the door bag.

19 Q And so is it that -- when you say the
20 door bag, you're talking about the front door bag?

21 A Yes, front door bag.

22 Q And then is it the front door bag's --
23 the front door person's responsibility to distribute
24 those checks?

25 A Yes.

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1 Q Are those the three categories it's
2 broken down into?

3 A Champagne also.

4 Q What other line items are on there that
5 we haven't talked about? We've talked about the
6 door. We've talked about the bartenders. We've
7 talked about the VIP door. We've talked about pay
8 outs.

9 A There's a tip-out line for where I record
10 what the boys tip-out at the end of the night.

11 Q The what tip-out?

12 A Where the boys give their \$20, and then
13 there's -- I don't know whether we talked about
14 the -- where I record the fines also that they
15 collect.

16 Q So there's a fine line -- a line item for
17 fines paid?

18 A Yes.

19 Q And you said there's a line item for
20 tip-outs?

21 A Uh-huh, at the end of the night.

22 Q And is that line item divided by dancer
23 or entertainer, or how is that --

24 A Denomination.

25 Q And that's a total?

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1 A At the end of -- after I input the
2 denominations, it would tell me the total, yes.

3 Q Okay. Let me ask you -- actually, back
4 up. What is that line item, or what are you trying
5 to identify there with tip-outs? What are you
6 talking about when you say tip-outs?

7 A When they pay at the end of the night
8 \$20.

9 Q Twenty dollars to who?
10 MR. SCHLANGER: House fee.

11 THE WITNESS: House fee.

12 BY MR. LUKAS:

13 Q Oh, the house fee?

14 A Yes. I'm sorry.

15 Q When you say tip-out, that's the same as
16 saying house fee?

17 A House fee.

18 Q Okay. That's where I was confused, and
19 there's a line item for house fees?

20 A Yes.

21 Q And that, again -- that also is broken
22 down by denomination?

23 A That's correct.

24 Q And that's all cash?

25 A Yes.

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